CONTRACT FOR CONSULTANT SERVICES

AIR SERVICE DEVELOPMENT AND RECRUITING SERVICES FOR SAN LUIS OBISPO COUNTY REGIONAL AIRPORT

Contract made on the 18th day of June in the year Two Thousand and Thirteen.

BETWEEN the Owner: County of San Luis Obispo hereinafter referred to as "County",

and the Consultant: Sixel Consulting Group, Inc. an Oregon Corporation hereinafter referred to as "Consultant".

For the following services: Provide Air Service Development and Recruiting Services for the San Luis Obispo County Regional Airport.

That for and in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE 1 - RESPONSIBILITIES AND SERVICES OF CONSULTANT

Commencing with the execution of this Contract, the **Consultant** will provide the services as described in the following Exhibits attached hereto and incorporated herein by reference as though here fully set forth.

EXHIBIT "A" – SCOPE OF SERVICES EXHIBIT "B" – PAYMENT SCHEDULE

1.2 Coordination: In the performance of the **Consultant's** services under this Contract, the **Consultant** agrees that they will maintain such coordination with **County** Personnel as follows:

The General Manager for Airport Services as primary contact and described in Article 2.1. The General Manager is authorized to give written approvals for any change to the Scope of Services (Exhibit A) and the overall cost of this contract on behalf of the **County**. Other members of the **County's** recruitment team may include individuals and entities outside the **County** structure.

- 1.3 Neither the County's review, approval of, nor payment for, any of the services required under this Contract shall be construed as a waiver of any rights under this Contract, and the Consultant shall be and remain liable to the County in accordance with applicable law for all damages to the County caused by the Consultant's failure to perform any of the services required under this Contract.
- 1.4 All reports, documents, and other written materials created and/or produced in support of this Contract by **Consultant** are property of the County of San Luis Obispo and shall be surrendered to **County** upon termination of this Contract.

ARTICLE 2 - RESPONSIBILITIES OF THE COUNTY

2.1 The County shall designate a representative, authorized to act in the County's behalf with respect to this Contract. The County, or such authorized representative, shall examine any

- documents submitted by the **Consultant** and shall render decisions pertaining thereto promptly to avoid unreasonable delay in the progress of the **Consultant's** services.
- 2.2 The County shall furnish the Consultant with all information in its possession that is reasonably necessary for the performance of the work described herein.
- 2.3 The County shall provide full information about the requirements for the contracted services including budget limitations, scheduling and other programmatic information.

ARTICLE 3 - FEE AND METHOD OF PAYMENT

The County will pay the Consultant the following Fees:

- a. County shall compensate Consultant for
 - i. Services rendered as described in Exhibit A, and
 - ii. A recruiting fee based on the success of the firm in acquiring new service as provided in Exhibit B.

ARTICLE 4 - MODIFICATION OF CONTRACT

This Contract may be modified only by a written amendment signed by the **County** and the **Consultant**. All modifications must be in writing and signed by the **County** representative with the authority to modify this Contract. The Board of Supervisors delegates to the **General Manager of Airport Services** the authority to amend this Contract by extending its term consistent with Article 7.2 of this Contract, and to sign any amendment providing for additional services and/or increase compensation to Contractor up to the change order limits specified in the County's Contracting for Services Policy.

ARTICLE 5 - PAYMENT FOR EXTRA WORK OR CHANGES

5.1 Extra work or changes in the Scope of Services, time of performance, and amount of compensation, shall be authorized in writing prior to commencement of the services by the Director, General Services Agency. Claims for payment for approved extra work must be submitted by the Consultant within 30 days of completion of such work, and must be accompanied by a statement of itemized costs covering said work. Payment will not be authorized until said work is satisfactorily completed and approved by the Director, General Services Agency.

ARTICLE 6 - COST DISCLOSURE - DOCUMENTS, RECORDS AND WRITTEN REPORTS

Pursuant to State of California Government Code, Section 7550, if the total cost of the Contract is over \$5,000, the **Consultant** shall include in all final documents and in all written reports submitted, a written summary of cost, which shall set forth the number and dollar amounts of all contracts and subcontracts relating to the preparation of such document or written report. The Contract and subcontract numbers and dollar amounts shall be contained in a separate section of such document or written report.

Pursuant to State of California Government Code, Section 8546.7, every County contract involving the expenditure of more than \$10,000 in public funds is subject to examination and audit of the Auditor General for a period of three years after final payment under the contract. The Consultant shall maintain books, records, documents and other evidence, accounting procedures and practices, sufficient to reflect properly all direct and indirect costs of whatever nature claimed to have been incurred in the performance of this Contract. The foregoing constitutes "records" for the purposes of this paragraph. The Consultant shall maintain and preserve, until three years after termination of this Contract, and permit the State of California or any of its duly authorized representatives, including the Comptroller General of the United States, to have access to and to examine and audit any pertinent books, documents, papers and records of the Consultant related to this Contract. The Consultant and County shall ensure the confidentiality of any records that are required by law to be so maintained.

ARTICLE 7 - TERM

- 7.1 Unless terminated earlier as provided for herein, the initial term of this Contract is three years from execution.
- 7.2 At the end of the initial term, the County at its sole discretion based on its opinion of the performance of the Consultant during the initial term, may offer up to two (2) extensions of one (1) year each to this Contract.
- 7.3 Either party may terminate this Contract without cause, upon thirty (30) day's prior written notice.

ARTICLE 8 - CONSULTANT STAFF

- **8.1** The **Consultant** has been selected to perform the work herein because of the skills and expertise of key individuals.
- 8.2 The Consultant has designated Jack Penning, who, as long as his performance continues to be acceptable to the County, shall remain in charge of the services set forth herein for the duration of the Contract. Additionally, the Consultant must furnish the names of all other key people in the Consultant's firm who will be providing services under this Contract. If the designated lead or key person fails to perform to the satisfaction of the County upon written notice, the Consultant will have 10 working days to remove that person and replace that person with one acceptable to the County.
- 8.3 Both parties agree that no sub-consulting will be conducted as a part of this Contract.

ARTICLE 9 - CONFLICT OF INTEREST

- 9.1 The Consultant covenants that the Consultant has no existing interest and will not acquire any interest, direct or indirect, which could conflict in any manner or degree with the performance of services required under this Contract and that no person having any such interest shall be employed by the Consultant.
- 9.2 Per Government Code Section 1090, no officer or employee of the County shall be financially interested in any contract made by them in their official capacity, or by any body or board of which they are members. The Consultant is subject to the requirements of the Political Reform Act as promulgated by the Fair Political Code of Regulations, Title 2, section 18000 et seq. The Consultant shall at all times comply with the applicable provisions therein, including, but not specifically limited to the California Code of Regulations, Title 2, Chapter 7 "Conflicts of Interest," section 18700 et seq. The Consultant shall also comply with all applicable provisions of other

laws pertaining to conflict of interest requirements. If the **Consultant** must declare a conflict of interest, the **Consultant** shall forthwith report the conflict, in writing, to the **County** and shall provide any additional details requested by the **County** in a timely manner.

ARTICLE 10 - STATUS

- 10.1 The Consultant shall, during the entire term of the Contract, be construed to be an independent contractor and nothing in this Contract is intended, nor shall be construed, to create an employer-employee relationship, a joint venture relationship, or to allow the County to exercise discretion or control over the professional manner in which the Consultant performs the services which are the subject matter of this Contract. The services to be provided by the Consultant shall be provided in a manner consistent with all applicable standards and regulations governing such services.
- 10.2 The Consultant understands and agrees that Consultant's personnel are not and will not be eligible for membership in or derive any benefits from any County group plan for hospital, surgical or medical insurance or for membership in any County retirement program or for paid vacation, paid sick leave or other leave, with or without pay or for other benefits which accrues to a County employee.

ARTICLE 11 - WARRANTY OF CONSULTANT

The **Consultant** warrants that the **Consultant** and each of the personnel employed or otherwise retained by the **Consultant** are properly certified and licensed under all applicable laws and regulations of the State of California which govern the special services herein agreed to.

ARTICLE 12 - COVENANT AGAINST CONTINGENT FEES

The **Consultant** warrants that they have not employed or retained any company or person, other than a bona fide employee working solely for them, to solicit or secure the Contract, and that they have not paid or agreed to pay any company or person, other than a bona fide employee working solely for the **Consultant**, any fee, commission, percentage, brokerage fee, gift, or any other consideration contingent on or resulting from the award or making of this Contract. For breach or violation of his warranty, the **County** shall have the right to annul this Contract without liability, or in its discretion, to deduct from the contract price or consideration or otherwise recover, the full amount of such fee, commission, percentage fee, gift, or contingency.

ARTICLE 13 - NONDISCRIMINATION

The **Consultant** shall comply with laws and regulations governing nondiscrimination in employment.

- **Nondiscrimination**: The **Consultant**, with regard to the work performed by them during the Contract, shall not discriminate on the grounds of race, color or national origin or other protected class.
- **13.3 Prohibition:** There shall be no discrimination against any person employed pursuant to this Contract in any manner forbidden by Government Code section 12940, et seq, or any other law. Gender harassment is included in this prohibition as a form of discrimination.

13.4 Gender Harassment Warranty and Liability: All Consultants have a contractual obligation to become fully trained and knowledgeable regarding behavior prohibited by law as gender harassment and at all times to comply with and ensure that all persons performing this Contract comply with an appropriate standard of conduct. Every Consultant who violates gender harassment laws shall be liable to the County for all claims, demands, damages, costs, expenses and attorney's fees incurred by the County as a result of behavior of any of the Consultant's personnel performing this Contract.

ARTICLE 14 - ENTIRE CONTRACT AND MODIFICATION

This Contract supersedes all previous contracts and constitutes the entire understanding of the parties hereto. The **Consultant** shall be entitled to no other benefits than those specified herein. The **Consultant** specifically acknowledges that in entering into and executing this Contract, the **Consultant** relies solely upon the provisions contained in this Contract and no others.

ARTICLE 15 - NON-ASSIGNMENT OF CONTRACT

Inasmuch as this Contract is intended to secure the specialized services of the **Consultant**, the **Consultant** may not assign, transfer, delegate or sublet any interest therein without the prior written consent of the **County** and any such assignment, transfer, delegation or sublease without the **County's** prior written consent shall be considered null and void.

ARTICLE 16 - ENFORCEABILITY

If any term, covenant, condition or provision of this Contract is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

ARTICLE 17 - LAW; VENUE

This Contract has been executed and delivered in the State of California and the validity, enforceability and interpretation of any of the clauses of this Contract shall be determined and governed by the laws of the State of California. The duties and obligations of the parties created hereunder are performable in San Luis Obispo County and such County shall be the venue for any action or proceeding that may be brought or arise out of, in connection with or by reason of this Contract.

ARTICLE 18 - INDEMNIFICATION

To the fullest extent permitted by law, Consultant shall defend, indemnify and hold harmless the County, its officers and employees from all claims, demands, damages, costs, expenses, judgments, attorney fees, or other losses that may be asserted by any person or entity, including Consultant that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Consultant and/or its agents, employees or subconsultants. The obligation to indemnity shall be effective and shall extend to all such claims or losses in their entirety. However, this indemnity will not extend to any claims or losses arising out of the sole negligence or willful misconduct of the County, its officers and employees.

It is the intent of the parties to provide the **County** the fullest indemnification, defense, and "hold harmless" rights allowed under the law. If any word(s) contained herein are deemed by a court to be in contravention of applicable law, said word(s) shall be severed from this contract and the remaining language shall be given full force and effect.

ARTICLE 19 - INSURANCE

Consultant shall procure the following required insurance coverages at its sole cost and expense and maintain in full force and effect for the period covered by this Contract such insurance. All insurance coverages are to be placed with insurers which (1) have a Best's rating of no less than B+VIII and are admitted insurance companies in the State of California, or (2) insurers of equivalent documented quality which the County Risk Manager has approved in writing.

- **19.1 General Requirements**: The following requirements apply to all insurance to be provided by **Consultant**:
 - A Certificate of Insurance shall be furnished to **County** prior to commencement of work. Upon request by the **County**, **Consultant** shall provide a certified copy of any insurance policy to the **County** within ten (10) working days.
 - b. Certificates and policies shall state that the policies not be canceled or reduced in coverage or changed in any other material aspect without thirty (30) days prior written notice to **County**.
 - c. Approval of the insurance by County shall not relieve or decrease the extent to which the Consultant may be held responsible for payment of damages resulting from Consultant's services or operations pursuant to this contract.
 - d. The parties expressly agree that the indemnification and insurance clauses in this contract are an integral part of the performance exchanged in this contract. The compensation stated in this contract includes compensation for the risks transferred to **Consultant** by the indemnification and insurance clauses.
- 19.2 Professional Liability Insurance: Consultant shall maintain in full force and effect during the entire term of this Contract, professional liability "errors and omissions" insurance with limits of liability of not less than \$2,000,000 per claim or occurrence to cover all services rendered by Consultant pursuant to this Contract.
- 19.3 Commercial General Liability (CGL): Consultant shall maintain in full force and effect, for the period covered by this Contract, Commercial General Liability insurance with limits of liability of not less than the following: single limit coverage applying to bodily and personal injury, including death resulting therefrom, property damage, and automobile coverage in the total amount of \$2,000,000; and including the following coverages:
 - 1. Personal Injury and Bodily Injury, including death resulting therefrom.
 - 2. Property Damage.
 - 3. Automobile coverage which shall include owned, non-owned and hired vehicles.
 - 4. The following endorsements must be provided in the CGL policy:
 - a. If the insurance policy covers an "accident" basis, it must be changed to "occurrence".
 - b. The policy must cover personal injury as well as bodily injury.
 - c. Blanket contractual liability must be afforded and the policy must contain a cross liability or severability of interest endorsement.

- d. The County of San Luis Obispo, its officers, employees and agents shall be named as additional insured under the policy. The policy shall provide that the insurance will operate as primary insurance. No other insurance effected by the County, whether commercial or self-insurance will be called upon to contribute to a loss hereunder. Nothing contained in this contract shall be construed to require Consultant's insurance to indemnify County in contravention of Insurance Code 11580.04.
- 19.4 Worker's Compensation Insurance: In accordance with the provisions of Labor Code Section 3700, if Consultant has any employees, Consultant is required to be insured against liability for Worker's Compensation or to undertake self-insurance. Consultant agrees to comply with such provisions before commencing the performance of the Work of this Contract

19.5 Claims Made Policies

If any of the required policies provide coverage on a claims-made basis:

- The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
- Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract work.
- 3. If coverage is canceled or non-renewed, and not *replaced with another claims-made policy form with a Retroactive Date* prior to the contract effective date, the Consultant must purchase "extended reporting" coverage for a minimum of *five* (5) years after the completion of contract work.

ARTICLE 20 - TERMINATION OF CONTRACT FOR CAUSE

If the Consultant fails to perform Consultant's duties to the satisfaction of the County, or if the Consultant fails to fulfill in a timely and professional manner the Consultant's obligations under this Contract, or if the Consultant shall violate any of the terms or provisions of this Contract, or if the Consultant, Consultant's agents or employees fail to exercise good behavior either during or outside of working hours that is of such a nature as to bring discredit upon the County, the County shall have the right to terminate this Contract effective immediately upon the County giving written notice thereof to the Consultant. Termination shall have no effect upon the rights and obligations of the parties arising out of any transaction occurring prior to the effective date of such termination. The Consultant shall be paid for all work authorized under this contract and satisfactorily completed prior to the effective date of such termination as determined by the County.

ARTICLE 21 – THIRD PARTY BENEFICIARIES

There are no intended or incidental third party beneficiaries of the Agreement, and no one except the Parties to this Contract may seek to enforce its terms.

ARTICLE 22 - COMMUNICATIONS

Communications between the parties to this Contract shall be sent to the following addresses subject to change from time to time:

County: County of San Luis Obispo General Services Agency - County Services 903-5 County Drive San Luis Obispo, California 93401 Attention: Richard Howell A.A.E., General Manager (805) 781-5955, (805) 781-5985 FAX rhowell@co.slo.ca.us **Consultant:** Sixel Consulting Group, Inc. 497 Oakway Road, Suite 220 Eugene, OR 97401 Attn: Mark Sixel, President (541) 341-1601 (541)341-1603 FAX www.sixelconsulting.com mark@sixelconsulting.com Lead Consultants: Jack Penning, Director of Market Analysis Greg Atkin, Air Service Strategy Consultant ACCEPTED AND AGREED this 18th day of June 2013. DATE: RECOMMENDED BY: anette Di JANETTE D. PELL GENERAL SERVICES AGENCY DIRECTOR CONSULTANT **OWNER** Sixel Consulting Group, Inc. **COUNTY OF SAN LUIS OBISPO** BY BY: Chairman of the Board of Supervisors TITLE:

PRESIDENT

Approved by Board Action on:

Clerk of the Board of Supervisors

June 18, 2013

ATTEST:

BY:	
Deputy Clerk	

COUNTY OF SAN LUIS OBISPO

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA NEAL

COUNTY COUNSEL

BY:

SHANNON MATUSZEWICZ Deputy County Counsel

Exhibit A Scope of Services

The Consultant may be called upon to perform any or all of the services included below based on the County's needs and desires. Any service will be provided only upon the direction and under the supervision of appropriate County staff:

- 1. Recruit/develop additional airlines/new service routes at Airport. Payment to be made and services rendered consistent with Section 2 of Exhibit B.
- 2. Produce air service case studies to be presented to targeted airlines. These case studies will include, but will not be limited to, community background information, economic and demographic analyses, passenger traffic analyses (e.g., business versus leisure travel, ratio of local and visitor passengers, travel frequency) and comparisons and financial projections.
- 3. Accompany County officials in the presentations of materials described above to airline. Proposer will attend the meetings in a supportive and facilitation role, but may lead the meetings based upon direction of the Airport Services General Manager or designee.
- 4. Represent the County at Air Service Development Conferences Consultant attends, such as Jumpstart, Network, etc. Consultant will prepare and present material for such meetings. Consultant agrees to attend at least one of these specialized conferences each calendar year for the duration of the contract.
- 5. Prepare annual Small Community Air Service Development Grants as necessary on behalf of the County.
- 6. Produce a leisure travel survey, to target leisure travel patterns in and out the County.
- 7. Produce a business travel survey, similar to item 6.
- 8. Prepare a new True Market Study/Ticket Lift to determine leakage to other airports in region, and to develop a statistical picture of San Luis Obispo's true passenger and revenue market. Consultant will provide County with sufficient materials describing research methodology to allow the replication of the study, if desired, on a routine basis.
- 9. Produce community documentary video, outlining the major travel generators, the tourism drivers, and interviewing no less than five major players in the local economy. The video shall run at least seven minutes in length.
- 10. Produce traffic summaries for the market area every three months for the full term of the awarded agreement. One hard copy will be provided to the County, with unlimited digital copies.
- 11. Be available, on a project-by-project basis, to prepare presentations, attend airline presentations, aid with community awareness meetings and to assist as needed with County's incumbent airlines.
- 12. Be available for on-call consulting, questions, ideas, assistance as requested by the Airports General Manager
- 13. Develop and deliver schedule analysis for incumbent airlines

14. Develop and deliver an updated airport website.

Services that may be provided that will not be billed directly to County

- A. Develop and institute a pre-purchased ticket program in advance of any new service introduction.
- B. Be available to assist County with marketing, advertising, web and community awareness projects.

END OF EXHIBIT "A"

EXHIBIT B

PAYMENT SCHEDULE

1. PRICING

- 1.1 This contract is offered with a risk/reward pricing structure. In addition to basic services provided in Exhibit A, Sixel Consulting Group will be paid based on the success of the firm in recruiting new service route or new airline. Subject to the provisions herein, for airlines that **Consultant** contacted, provided information, made presentations or otherwise recruited, Consultant will receive a maximum recruiting bonus of \$40,000 per new route established as described in Section 2 of this Exhibit.
- 1.2 The cost of services are identified below and represent a 50% decrease over Consultant's regular pricing structure. Said services shall only be initiated upon the direction of and under the guidance of County staff. (Items in parens refer to tasks in Exhibit A). Travel expenses for any service will be billed separately.

Air Service Development Conferences (2, 4)

First Presentation: \$3,000 Subsequent Presentations: \$1,000

Airline Presentations at HQ (2, 3, 11)

First Presentation: \$4,500 (in person presentation)

Subsequent Presentations: \$3,000 (within 12 months)

Grant Proposals (5): \$7,500
Community Solicitation/Leisure Survey (6): \$2,500
Community Solicitation/Business Survey (7): \$2,500
True Market Study/Ticket Lift (8): \$10,000
Air Service Development Video (9): \$15,000

Airport Traffic Summary (10): \$300 per quarter Community Meetings (11): \$1,500 per trip

United/US Airways Schedule Analysis (13): \$2,500 Website Development (14): \$12,500

- **1.3 Consultant** will waive all hourly charges for on-call consulting services (Exhibit A, 12) for the duration of the agreement.
- **1.4** Services not billed directly to **County**.

Certain services will be initiated and supervised by **County** staff, but will not be paid directly by **County**.

A. Develop and institute a pre-purchased ticket program in advance of any new service introduction.

Consultant will be compensated at 2% of the total amount deposited in such a program by participants.

B. Be available to assist County with marketing, advertising, web and community awareness projects

Consultant will be compensated by ad placement fees equal to 10% of project budget paid to media companies.

2. RECRUITMENT BONUS PAYMENT PLANS

2.1 Subject to the other conditions herein, at the commencement of new route or service by a new airline (Service), **County** at its sole discretion may elect payment of the recruiting bonus to the **Consultant** in a method described below.

2.1.1 Initial Sum with Payments

- **2.1.1.1** Issue a one-time, nonrefundable payment of Twenty Thousand Dollars (\$20,000) due regardless on the Service initiated. This payment will be deducted from the total fee incurred by **County** for the Service.
- 2.1.1.2 Beginning one (1) year after the initial payment, Consultant will receive an additional Two Dollars (\$2.00) per enplaned passenger on the Service that be billed monthly until the Consultant has received the total recruitment bonus amount or 24-months have passed since the Service began, whichever comes first.
- 2.1.1.3 Parties agree that except as provided herein, bonuses paid for Service developed under this Payment Plan will last a minimum of one calendar year from commencement. County is not responsible for recruiting fees described herein on airlines/routes that do not last into its second year. If service is discontinued before the completion of the first anniversary of the service commencement, the County will not be obligated for any further payment for that Service.

2.1.2 24 Monthly Payments

Consultant will receive Two Dollars (\$2.00) per enplaned passenger on the Service for a period of 24 months. Invoices will be billed monthly until the Consultant has received Forty Thousand Dollars (\$40,000), or the 24 month period ends, whichever comes first.

2.2 Service Cancellation

Parties agree that except as provided herein should any Service developed under this Agreement be discontinued for any reason before payment of the recruiting bonus attributed to such service is completed, **County** will not be responsible for any further payments of said bonus beyond the discontinuance date.

3. REIMBURSABLE EXPENSES

- **3.1 COUNTY** will be responsible for Consultant's travel expenses and printing charges.
- 3.2 With respect to Reimbursable Expenses, the invoice shall specifically describe the expense for which reimbursement is sought. It is expressly understood and agreed that only actual costs of the Reimbursable Expenses shall be charged to the County and that the Consultant shall not be entitled to any overhead or profit for the Reimbursable Expenses. Expenses incurred in the performance of Consultant's services are limited and subject to County's reimbursement policies as developed by the County Auditor including County travel reimbursement policies.

4. METHOD OF PAYMENT

- **4.1 Consultant's** invoices, shall be in a format approved by the **County**, and are to be submitted to the **County** via the **County's** Airports General Manager.
- **4.2** Payment will be made upon receipt and approval of **Consultant's** invoices, with Net 30 payment terms.

5. ADDITIONAL SERVICES

Any Additional Services will be authorized in advance and in writing by the **County.** Subject services shall be performed based on a negotiated fee for such services based on the hourly rates below. Payment for such services shall be accomplished as provided herein.

5.1 Hourly Rates

Principal (Jack Penning): \$200/hour

Senior Consultant (Greg Atkin): \$150/hour

Support Staff: \$75/hour